

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1457 – HB 1486

March 24, 2014

SUMMARY OF ORIGINAL BILL: Creates a new specialty earmarked license plate for the Tennessee Cave Salamander (*Cyrinophilu pallaucus*).

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$4,300/General Fund/FY14-15

\$15,300/Wildlife Resources Fund/FY14-15

\$12,300/Tennessee Arts Commission/FY14-15

\$3,100/Highway Fund/FY14-15

\$17,500/Wildlife Resources Fund/FY15-16 and Subsequent Years

\$14,000/Tennessee Arts Commission/FY15-16 and Subsequent Years

\$3,500/Highway Fund/FY15-16 and Subsequent Years

Increase State Expenditures - \$4,300/General Fund/FY14-15

SUMMARY OF AMENDMENTS (014796, 015087): Amendment 014796 deletes the original bill following the enacting clause and establishes new specialty earmarked license plates for the following entities: Chambliss Center for Children, McCallie School, National Wild Turkey Federation, Historic Gallatin, Tennessee Vietnam Veterans, Inc., and the Memphis Grizzlies. Additionally, the amendment extends for one year, the time frame for the following entities to meet issuance requirements for the respective specialty earmarked plates: Juvenile Diabetes Research Foundation, I Recycle, the Tennessee Federation of Garden Clubs, and the Native American Indian Association. Amendment 015087 adds language that would establish a new specialty earmarked license plate for The Lung Cancer Alliance.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue - \$46,750/General Fund/FY14-15

\$169,125/Specialty Plate Organizations/FY14-15

\$135,300/Tennessee Arts Commission/FY14-15

\$33,825/Highway Fund/FY14-15

**\$192,500/Specialty Plate Organizations/FY15-16 and
Subsequent Years**

**\$154,000/Tennessee Arts Commission/FY15-16 and
Subsequent Years**

**\$38,500/Highway Fund/FY15-16 and Subsequent
Years**

Increase State Expenditures - \$46,750/General Fund/FY14-15

Assumptions for the bill as amended:

- Revenue (1,000 plates at \$35 each).
- A production cost of \$4.25 per plate.
- Expenditures per plate for production cost are \$4,250 (Production cost 1,000 plates at \$4.25 each = \$4,250 one-time).
- Pursuant to Tenn. Code Ann. §55-4-201(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- It is assumed that there will be seven new plates issued and four time extensions granted for issuance.
- The increase in state expenditures in FY14-15 for production of all eleven plates is estimated to be \$46,750 [$\$4,250 \times (7 \text{ new plates and } + 4 \text{ plate extensions})$].
- The price for each specialty earmarked plate is \$35 and the minimum number of plates for each license is 1,000. Therefore, the revenue generated for each plate is \$35,000 ($\$35 \times 1,000$); thus, a total increase in revenue generated by all eleven plates of \$385,000 ($\$35 \times 1,000 \times 11$).
- Proceeds from the sale of the specialty earmarked plates will be as follows: 50 percent to the specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the Highway Fund. The first year proceeds to these entities will be based on the net proceeds after subtracting the cost of production.
- For FY14-15, the increase in revenue to the General Fund is \$46,750; the increase in revenue to specialty plate organizations is \$169,125 [$(\$385,000 - \$46,750) \times 50.0\%$]; the increase in revenue to the Tennessee Arts Commission is \$135,300 [$(\$385,000 - \$46,750) \times 40.0\%$]; and the increase in revenue to the Highway Fund is \$33,825 [$(\$385,000 - \$46,750) \times 10.0\%$].

- For FY15-16 and subsequent years, the increase in revenue to the specialty plate organizations is \$192,500 ($\$35,000 \times 11 \times 50.0\%$); the increase in revenue to the Tennessee Arts Commission is \$154,000 ($\$35,000 \times 11 \times 40\%$); and the increase in revenue to the Highway Fund is \$38,500.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

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